

**SOUTHWEST LOUISIANA AREA HEALTH
EDUCATION CENTER FOUNDATION
FINANCIAL REPORT
JUNE 30, 2003**

Under provisions of state law, this report is a public document. A copy of this report has been submitted to the entity and other appropriate public officials. This report is available for public inspection at the Basin Rouge office of the Legislative Auditor and, where appropriate, at the office of the parish clerk of court.

Release Date 1-28-04

C O N T E N T S

| | Page |
|--------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|-----------|
| INDEPENDENT AUDITORS' REPORT | 1 and 2 |
| FINANCIAL STATEMENTS | |
| Statements of financial position | 3 |
| STATEMENT OF ACTIVITIES | 4 and 5 |
| Statements of cash flows | 6 |
| Notes to financial statements | 7 - 20 |
| REPORT ON COMPLIANCE AND ON INTERNAL CONTROL OVER FINANCIAL REPORTING BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE WITH <u>GOVERNMENT AUDITING STANDARDS</u> | 21 and 22 |
| REPORT ON COMPLIANCE WITH REQUIREMENTS APPLICABLE TO EACH MAJOR PROGRAM AND ON INTERNAL CONTROL OVER COMPLIANCE IN ACCORDANCE WITH OMB CIRCULAR A-112 | 23 and 24 |
| Schedule of findings and questioned costs | 25 - 27 |
| Schedule of prior year findings | 28 |
| Supplementary schedule of expenditures of federal funds | 29 and 31 |



BROUSSARD, POCHE, LEWIS & BREAUX, L.L.P.
CERTIFIED PUBLIC ACCOUNTANTS

611 The Congress
P.O. Box 1140
Lafayette, Louisiana
70501-1140
phone (504) 485-4929
fax (504) 484-4914

Other Offices:
Cascadia, LA
(504) 684-6638
Opalville, LA
(504) 684-6632
Aldrich, LA
(504) 684-1497
New Iberia, LA
(504) 389-4314
Church Point, LA
(504) 486-2893

Raymond C. Chiles, CPA*
Donald W. Bailey, CPA*
Markus Lemmon, B. CPA*
Frank B. Rogers, CPA*
Rene J. Broussard, CPA*
L. Charles Gaudin, CPA*
Kenneth B. Rogers, CPA*
H. John Henson III, CPA*
Stephen J. Landrum, CPA*
Craig C. Robinson, CPA*
Paul C. Broussard, CPA*
Gerald Triggs III, CPA*
Gregory B. Wilson, CPA*
S. Alan Wilson, CPA*
Frederic B. McQuinn, CPA*
Merle B. West, CPA*
Roy J. Brown, CPA*
Faymie T. Dupont, CPA*
Mary A. Griffin, CPA*
Judy Brown, CPA*
David P. Brown, CPA*

Associates:

Robert L. Broussard, CPA* 1990
Lynn K. Foster, CPA 1984
James H. Brown, CPA 1987
Erna B. Wilson, CPA 1988
George A. Levin, CPA* 1991
Kathleen J. Winkler, CPA* 1991
Michael L. Lewis, CPA* 1991
Lorey G. Broussard, CPA* 1992
Lawrence A. Graham, CPA* 1993
Michael E. Gaudin, CPA* 1993
Ralph Foster, CPA 1992

Members of American Institute of
Certified Public Accountants
Society of Certified Accountants
(CPA) Association

INDEPENDENT AUDITORS' REPORT

To the Board of Directors
Southwest Louisiana Area Health
Education Center Foundation
Lafayette, Louisiana

We have audited the accompanying statements of financial position of Southwest Louisiana Area Health Education Center Foundation, a nonprofit organization, as of June 30, 1993 and 1992, and the related statements of activities and cash flows for the years then ended. These financial statements are the responsibility of the Foundation's management. Our responsibility is to express an opinion on these financial statements based on our audits.

We conducted our audits in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audits to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audits provide a reasonable basis for our opinion.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Southwest Louisiana Area Health Education Center Foundation as of June 30, 1993 and 1992, and the changes in its net assets and its cash flows for the years then ended in conformity with accounting principles generally accepted in the United States of America.

In accordance with Government Auditing Standards, we have also issued a report dated September 12, 1993, on our consideration of Southwest Louisiana Area Health Education Center Foundation's internal control over financial reporting and our tests of its compliance with certain provisions of law, regulations, contracts, and grants. That report is an integral part of an audit performed in accordance with Government Auditing Standards and should be read in conjunction with this report in considering the results of our audit.

Our audit was performed for the purpose of forming an opinion on the basic financial statements of Southeast Louisiana Area Health Education Center Foundation taken as a whole. The accompanying schedule of expenditures of Federal awards is presented for purposes of additional analysis as required by U.S. Office of Management and Budget Circular 4-133, "Guide for State, Local Governments, and Non-Profit Organizations," and is not a required part of the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, is fairly stated, in all material respects. In relation to the basic financial statements taken as a whole.

Broussard, Poché, Gaudin + Proulx, L.L.P.

Lafayette, Louisiana
September 12, 1985

SOUTHWEST LOUISIANA AREA HEALTH
EDUCATION CENTER FOUNDATION

STATEMENTS OF FINANCIAL POSITION
June 30, 1988 and 1987

| ASSETS | <u>1988</u> | <u>1987</u> |
|-----------------------------------------|----------------------------|----------------------------|
| CURRENT ASSETS | | |
| Cash | \$ 108,418 | \$ 122,409 |
| Due from other agencies | <u>152,018</u> | <u>188,888</u> |
| Total current assets | <u>\$ 260,436</u> | <u>\$ 311,297</u> |
| FIXED ASSETS | | |
| Property and equipment, net | <u>\$ 38,825</u> | <u>\$ 41,825</u> |
| Total assets | <u>\$ 299,261</u> | <u>\$ 353,122</u> |
| LIABILITIES AND NET ASSETS | | |
| CURRENT LIABILITIES | | |
| Accounts payable | \$ 48,848 | \$ 62,382 |
| Accrued liabilities | 19,183 | 38,810 |
| Due to other agencies | 438 | 5,888 |
| Deferred revenue | <u>3,322</u> | <u>-</u> |
| Total current liabilities | <u>\$ 71,781</u> | <u>\$ 107,080</u> |
| NET ASSETS | | |
| Unrestricted | \$ 536,875 | \$ 325,847 |
| Temporarily restricted | <u>21,885</u> | <u>84,813</u> |
| Total net assets | <u>\$ 558,760</u> | <u>\$ 410,660</u> |
| Total liabilities and net assets | <u>\$ 1,290,425</u> | <u>\$ 1,273,122</u> |

SEE NOTES TO FINANCIAL STATEMENTS.

SOUTHWEST LOUISIANA AREA HEALTH
EDUCATION CENTER FOUNDATION

STATEMENT OF ACTIVITIES
Year Ended June 30, 2003

| | Unrestricted | Temporarily Restricted | Total |
|-----------------------------------------------------|---------------------|---------------------------|---------------------|
| REVENUES, GAINS, AND OTHER SUPPORT | | | |
| Grant revenue | \$ 2,144,493 | \$ 4,188 | \$ 2,148,681 |
| Sponsor income | - | 17,748 | 17,748 |
| Interest income | 2,447 | - | 2,447 |
| Marketing sales revenue | 88,328 | - | 88,328 |
| Miscellaneous revenue | 18,174 | 22,443 | 40,617 |
| Net assets released from restrictions: | | | |
| Satisfaction of program restrictions | 82,722 | (82,722) | - |
| Total revenues, gains, and other support | \$ 2,325,342 | \$ 17,594 | \$ 2,342,936 |
| EXPENSES AND INDEBT | | | |
| Program expenses: | | | |
| Medical Job Fair | \$ 181,787 | \$ - | \$ 181,787 |
| FOX 200 | 27,888 | - | 27,888 |
| Tobacco control | 58,284 | - | 58,284 |
| App of a Summer | 16,188 | - | 16,188 |
| PTAAR | 128,788 | - | 128,788 |
| HTV/AIDS- NRP | 128,818 | - | 128,818 |
| Haze | 21,267 | - | 21,267 |
| Parent liaison | 24,853 | - | 24,853 |
| Tobacco Control - coalition | 8,788 | - | 8,788 |
| Awareness | 284,528 | - | 284,528 |
| Tobacco control-Resource | 22,858 | - | 22,858 |
| PAC | 173,718 | - | 173,718 |
| Injury Prevention - Region IV | 46,628 | - | 46,628 |
| Injury Prevention - Region V | 48,428 | - | 48,428 |
| Project Cares | 273,887 | - | 273,887 |
| MCH - Region IV | 88,878 | - | 88,878 |
| MCH - Region V | 184,804 | - | 184,804 |
| HTV - CDC | 188,408 | - | 188,408 |
| Tepamedicine | 173,884 | - | 173,884 |
| DHS Recruiter | 7,254 | - | 7,254 |
| Diabetes control | 23,218 | - | 23,218 |
| Other programs | 64,878 | - | 64,878 |
| General and administrative expenses | 388,448 | - | 388,448 |
| Total expenses and losses | \$ 2,321,712 | \$ - | \$ 2,321,712 |
| Change in net assets | \$ 23,630 | \$ 17,594 | \$ 41,224 |
| Net assets, beginning of year | 315,647 | 84,873 | 400,520 |
| Net assets, end of year | \$ 339,277 | \$ 102,467 | \$ 441,744 |

See Notes to Financial Statements.

NORTHWEST LOUISIANA AREA HEALTH
RESEARCH CENTER FOUNDATION

STATEMENT OF ACTIVITIES
Year Ended June 30, 1982

| | Unrestricted | Temporarily Restricted | Total |
|---------------------------------------------|--------------|---------------------------|-------------|
| REVENUES, GAINS, AND OTHER SUPPORT | | | |
| Grant revenue | \$ 1,431,083 | \$ 18,396 | \$1,449,479 |
| Spouse's income | - | 81,188 | 81,188 |
| Interest income | 1,848 | - | 1,848 |
| Reselling sites revenue | 27,823 | - | 27,823 |
| Miscellaneous revenue | 5,182 | 18,388 | 23,570 |
| Net assets released from restrictions: | | | |
| Satisfaction of program restrictions | 12,487 | (12,487) | - |
| TOTAL REVENUES, GAINS, and other support | \$ 1,468,513 | \$ 24,397 | \$1,492,910 |
| EXPENSES AND LOSSES | | | |
| Program expenses: | | | |
| Medical Job Fair | \$ 87,946 | \$ - | \$ 87,946 |
| NCC tin | 24,738 | - | 24,738 |
| Tobacco Control | 28,381 | - | 28,381 |
| AIDS of a Summer | 10,416 | - | 10,416 |
| FIDAT | 48,788 | - | 48,788 |
| HIV/AIDS- NHP | 128,878 | - | 128,878 |
| NASH | 16,608 | - | 16,608 |
| Parent Liaison | 24,984 | - | 24,984 |
| Turning Point | 11,828 | - | 11,828 |
| Amniocent | 194,418 | - | 194,418 |
| Tobacco Control - Resource | 18,227 | - | 18,227 |
| HAI | 141,831 | - | 141,831 |
| Injury Prevention - Region IV | 18,181 | - | 18,181 |
| Injury Prevention - Region V | 21,448 | - | 21,448 |
| Project Care | 283,283 | - | 283,283 |
| NCC - Region IV | 81,084 | - | 81,084 |
| NCC - Region V | 78,883 | - | 78,883 |
| NCC - CDC | 189,783 | - | 189,783 |
| Other programs | 58,688 | - | 58,688 |
| General and administrative expenses | 322,482 | - | 322,482 |
| Total expenses and losses | \$ 1,814,652 | \$ - | \$1,814,652 |
| Change in net assets | \$ 124,681 | \$ 24,397 | \$ 149,078 |
| Net assets, beginning of year | 268,882 | 47,878 | 316,760 |
| Net assets, end of year | \$ 393,563 | \$ 72,275 | \$ 465,838 |

(See Notes to Financial Statements.)

SOUTHWEST LOUISIANA AREA HEALTH
EDUCATION CENTER FOUNDATION

STATEMENTS OF CASH FLOWS
YEARS ENDED JUNE 30, 1981 AND 1982

| | <u>1981</u> | <u>1982</u> |
|------------------------------------------------------------------------------------------------|-------------------|-------------------|
| CASH FLOWS FROM OPERATING ACTIVITIES | | |
| Change in net assets | \$ 218,282 | \$ 113,813 |
| Adjustments to reconcile change in net assets to net cash provided by operating activities: | | |
| Depreciation | 20,783 | 8,598 |
| Increased/ decrease in due from other agencies | 8,420 | (128,688) |
| Increase/ (decrease) in accounts payable | 6,484 | (13,814) |
| Increase in accrued liabilities | 1,511 | 4,898 |
| Decrease in due to other agencies | (874) | (18,182) |
| Increase/ (decrease) in deferred revenue | 1,333 | (7,742) |
| Net cash provided by (used in) operating activities | <u>\$ 244,385</u> | <u>\$ 118,583</u> |
| CASH FLOWS FROM INVESTING ACTIVITIES | | |
| Purchase of fixed assets | \$ (8,588) | \$ (28,823) |
| Insurance proceeds | - | 3,489 |
| Maturity (purchase) of investments | <u>-</u> | <u>18,820</u> |
| Net cash provided by (used in) investing activities | <u>\$ (8,588)</u> | <u>\$ 43,586</u> |
| Increase in cash | \$ 235,797 | \$ 68,491 |
| Cash, beginning of year | <u>122,432</u> | <u>57,828</u> |
| Cash, end of year | <u>\$ 358,419</u> | <u>\$ 122,439</u> |

See Notes to Financial Statements.

SOUTHWEST LOUISIANA AREA HEALTH
EDUCATION CENTER FOUNDATION

NOTES TO FINANCIAL STATEMENTS

Note 1. Nature of Organization and Significant Accounting Policies

Nature of organization:

Southwest Louisiana Area Health Education Center Foundation (SWAHECF) is a Louisiana nonprofit corporation chartered on March 3, 1981. Its purpose is to operate an area health education center in Southwest Louisiana in order to plan for additional clinical educational opportunities in rural and underserved communities.

Significant accounting policies:

Basis of accounting:

The accompanying financial statements of the Foundation have been prepared on the accrual basis of accounting.

Income tax status:

The Foundation is an exempt organization for Federal income tax purposes under Section 501(c)(3) of the Internal Revenue Code.

Support and expenses:

All contributions are considered to be available for unrestricted use unless specifically restricted by the donor. Amounts received that are restricted by the donor for specific purposes are reported as temporarily restricted or permanently restricted support, depending on the nature of the restriction, that increases those net asset classes. When a donor restriction expires, that is, when a stipulated time restriction ends or purpose restriction is accomplished, temporarily restricted net assets are reclassified as unrestricted net assets in the statement of activities as net assets released from restrictions. Approximately 28% of the support for SWAHECF is provided by Louisiana State University and Agricultural and Mechanical College acting on behalf of the Louisiana State University Medical Center (LSUMC). LSUMC has been awarded a grant by the state government, and the agreement entered into between LSUMC and SWAHECF for providing services fulfills the purpose of the grant.

Expenses are recorded when incurred in accordance with the accrual basis of accounting.

NOTES TO FINANCIAL STATEMENTS

Allowance for doubtful accounts:

The Foundation considers accounts receivable/due from other agencies to be fully collectible; accordingly, an allowance for doubtful accounts is required.

Compensated absences:

Employees of FHEHC earn leave in varying amounts depending upon length of service. At the end of each year, employees may carryforward time earned but not taken with a maximum allowable carryover of unused time of ten days. Subject to the above limitation, unused time is paid to an employee upon retirement or resignation at hourly rates being earned by that employee at separation. At June 30, 1989 and 1990, accrued annual leave totaled \$28,628 and \$18,016, respectively.

Functional allocation of expenses:

The costs of providing the various programs and other activities have been summarized on a functional basis in the statements of activities. Accordingly, certain costs have been allocated among the programs and supporting services benefited.

Donated services:

FHEHC receives donated services from unpaid volunteers who assist in program services during the year. These donated services are not reflected in the statements of activities because the criteria for recognition under SFAS No. 116 have not been satisfied.

Cash and cash equivalents:

For the purposes of the statement of cash flows, FHEHC considers all highly liquid investments with an original maturity of three months or less to be cash equivalents.

Property, plant and equipment:

Property, plant and equipment are recorded at cost at the date of acquisition. Property and equipment purchased with grant funds, excluding those purchased under the LUMP agreement as discussed below, are recorded as temporarily restricted contributions. In the absence of donor stipulations regarding how long the asset must be used, the Foundation has adopted a policy of implying a time restriction that expires over the useful life of the asset. Depreciation is computed using the straight-line method over the assets' estimated useful lives. Estimated useful lives range from 5 to 7 years.

NOTES TO FINANCIAL STATEMENTS

The cost of office furniture and equipment purchased under the cooperative endeavor between L&MC and S&L&MC has not been capitalized. Title to the equipment purchased under this agreement remains with L&MC. The total cost of equipment at June 30, 1991 and 1992, purchased under the cooperative endeavor with L&MC was \$246,888 and \$183,872, respectively.

Use of estimates:

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates.

Comparative data:

Certain amounts in the prior financial statements have been reclassified to the 1992 presentation. Such reclassifications had no material effect on net assets as previously reported.

Note 2. Contribution of Credit Risk

S&L&MC maintains cash and time deposit balances in excess of Federal Deposit Insurance Corporation (FDIC) coverage in banks. FDIC coverage is \$100,000 for cash balances and \$100,000 for time deposits. At June 30, 1991, the S&L&MC's uninsured balances totaled \$78,818.

Note 3. Due From Other Agencies

Due from other agencies consisted of the following at June 30, 1991 and 1992:

| | 1991 | 1992 |
|-----------------------|-------------------|-------------------|
| Other Regional S&MC's | \$ 8,438 | \$ 4,578 |
| State of Louisiana | 278,205 | 279,228 |
| Others | <u>18,271</u> | <u>18,472</u> |
| | <u>\$ 285,826</u> | <u>\$ 288,496</u> |

NOTES TO FINANCIAL STATEMENTS

Note 4. Property, Plant and Equipment:

property and equipment consisted of the following at June 30, 2003 and 2002:

| | 2003 | 2002 |
|-------------------------------|------------------|------------------|
| Equipment | \$ 54,438 | \$ 48,948 |
| Furniture and fixtures | 8,182 | 8,182 |
| | <u>\$ 62,620</u> | <u>\$ 57,130</u> |
| Less accumulated depreciation | <u>(23,811)</u> | <u>(12,718)</u> |
| | <u>\$ 38,809</u> | <u>\$ 44,412</u> |

Depreciation expense for the years ended June 30, 2003 and 2002 was \$14,792 and \$4,548, respectively.

Note 5. Retirement Benefits

SHLAMB maintains a 401(k) Retirement Plan for its employees. Generally all employees are eligible to participate in the plan. The Foundation's contribution ranged from 4% to 4% of gross payroll for each eligible participant in fiscal years 2003 and 2002. Contributions made by the SHLAMB for the fiscal years ended June 30, 2003 and 2002, were \$17,878 and \$18,712, respectively.

Note 6. Temporarily Restricted Net Assets

Temporarily restricted net assets are available for the following purposes as of June 30, 2003 and 2002:

| | 2003 | 2002 |
|---------------------------|------------------|------------------|
| Unexpended contributions: | | |
| New Doc on the Block | \$ 4,019 | \$ 1,887 |
| Medical Job Fair | 28,038 | 8,808 |
| Murphy's Clinic | 7,827 | - |
| Other programs | 1,004 | - |
| Equipment | <u>19,028</u> | <u>41,424</u> |
| Total | <u>\$ 59,916</u> | <u>\$ 52,119</u> |

Note 7. Related Party Transactions

During the fiscal year ended June 30, 2003, SHLAMB contracted with one of its board members to obtain grant writing services. The total paid for this service was \$4,000.

NOTE TO FINANCIAL STATEMENTS

Note 5. Net Assets Released from Restrictions

Net assets were released from restrictions by incurring expenses satisfying the restricted purposes or the expiration of time during the years ended June 30, 1981 and 1982, as follows:

| | 1981 | 1982 |
|------------------------------------|------------------|------------------|
| Purpose restrictions accomplished: | | |
| Medical Job Fair | \$ 25,800 | \$ 30,000 |
| AMEC of a Summer | 2,350 | 18,848 |
| Turning Point | - | 3,087 |
| MSDE | 4,846 | 1,978 |
| Madison's Clinic | 2,475 | - |
| New Day on the Block | 8,843 | 8,734 |
| Other programs | 500 | 1,940 |
| Time restrictions expired: | | |
| HIV/AIDS- RHP | 329 | 329 |
| HIV - CDC | 1,743 | 1,487 |
| Tobacco Control | 98 | 83 |
| Project Care | 1,490 | 816 |
| Parent Liaison | 414 | 414 |
| Other | 1,315 | 1,818 |
| Americanpop | 40 | - |
| MSJ | 2,435 | 1,504 |
| Abstinence | 339 | 318 |
| Turning Point | 828 | 828 |
| Griner | 588 | 180 |
| | <u>\$ 88,728</u> | <u>\$ 73,487</u> |
| Totals | \$ 88,728 | \$ 73,487 |

NOTES TO FINANCIAL STATEMENTS

Note B. External Classification of Expenses

Expenses incurred were for the following for the year ended June 30, 2003 and 2002:

| 2003: | Medical Costs Paid | FCR 120 | Tobacco Control | HRSC of a Summer | Other |
|--------------------------------|-----------------------|-----------------|--------------------|------------------------|------------------|
| Salary | \$ 27,808 | \$ - | \$ 7,408 | \$ 1,889 | \$ 37,105 |
| Payroll tax | 3,828 | - | 767 | 81 | 4,686 |
| 440 (a) | | | | | |
| contribution | 1,843 | - | - | - | 184 |
| Insurance | 4,233 | - | 428 | 1,977 | 6,638 |
| Repairs and maintenance | - | - | - | - | - |
| Depreciation | - | - | 80 | - | 80 |
| Supplies | 3,799 | 33 | 1,151 | 8,143 | 13,126 |
| Telephone/ utilities | 485 | 323 | 388 | 784 | 1,980 |
| Travel | 3,449 | 2,267 | 3,381 | 3,383 | 12,480 |
| Contract services | 888 | - | 80 | 888 | 19,656 |
| Postage | 3,442 | 4 | 173 | 644 | 4,263 |
| Printing | 1,047 | 3 | 182 | 328 | 1,560 |
| Stipends | - | 18,800 | - | - | - |
| Consulting | 490 | - | 2,385 | 3,811 | 6,686 |
| Rent | 382 | - | - | - | 3,820 |
| Rice and miscellaneous | - | - | 525 | - | - |
| Equipment | - | - | 44 | - | 344 |
| Conference | | | | | |
| registration | 320 | - | 638 | - | 958 |
| Books and audio-visuals | - | 88 | - | 884 | - |
| Meetings | 48,327 | 113 | 194 | 31 | 48,665 |
| Other | 3,873 | 258 | 398 | - | - |
| External appropria- tion | - | - | - | - | - |
| Totals | \$181,363 | \$22,488 | \$16,328 | \$16,388 | \$129,738 |

NOTES TO FINANCIAL STATEMENTS

| <u>GAAP</u> <u>HYPERION</u> | <u>MMR</u> | <u>Parent</u> <u>Lincoln</u> | <u>Tobacco</u> <u>Control -</u> <u>Coalition</u> | <u>Acquisitions</u> | <u>Tobacco</u> <u>Control -</u> <u>Resources</u> | <u>BBG</u> |
|--------------------------------|------------------|---------------------------------|--------------------------------------------------------|---------------------|--------------------------------------------------------|------------------|
| \$ 88,488 | \$ - | \$ 21,612 | \$ 5,375 | \$ 233,333 | \$ 5,436 | \$145,913 |
| 7,978 | - | 2,207 | 483 | 27,681 | 792 | 9,138 |
| 2,881 | - | 988 | - | 1,303 | - | 5,174 |
| 4,486 | 181 | 4,082 | 629 | 10,294 | 141 | 11,820 |
| - | - | - | 37 | 38 | - | - |
| 229 | - | 434 | - | 42 | - | 3,833 |
| 4,880 | 471 | 743 | 143 | 3,682 | 2,241 | 1,777 |
| 5,814 | 275 | 37 | 823 | 8,326 | 1,314 | 3,278 |
| 8,734 | 89 | 1,788 | 612 | 4,129 | 2,277 | 14,772 |
| - | 25 | - | 38 | 2,246 | - | 11,968 |
| 248 | 84 | 127 | 150 | 1,411 | 98 | 123 |
| 1,884 | 14 | - | 134 | 229 | 278 | 664 |
| - | - | - | - | - | 474 | - |
| 418 | 41,808 | - | 189 | - | 1,752 | 738 |
| 2,872 | - | - | 272 | 4,782 | 817 | - |
| - | - | 48 | 55 | 258 | - | 180 |
| 121 | - | - | 22 | 98 | - | 344 |
| 3,437 | - | 423 | 221 | 423 | 138 | 808 |
| - | - | - | 38 | 82 | - | 25 |
| 824 | 28 | 427 | 229 | 460 | 234 | 1,423 |
| - | 3,463 | - | - | 722 | - | 1,792 |
| <u>-</u> | <u>-</u> | <u>-</u> | <u>-</u> | <u>-</u> | <u>-</u> | <u>-</u> |
| <u>\$128,850</u> | <u>\$ 12,348</u> | <u>\$ 38,851</u> | <u>\$ 5,728</u> | <u>\$ 384,326</u> | <u>\$ 27,829</u> | <u>\$173,728</u> |

NOTES TO FINANCIAL STATEMENTS

Note 3. Natural Classification of Expenses (continued)

| | Injury Prevention - Region IV | | Injury Prevention - Region V | | Project Costs | WIC - Region IV | | WIC - Region V | |
|----------------------------|----------------------------------|---------------|---------------------------------|---------------|------------------|--------------------|---------------|-------------------|----------------|
| Salary | \$ | 38,328 | \$ | 29,788 | \$ 3,493 | \$ | 66,129 | \$ | 93,483 |
| Payroll tax 481(k) | | 5,328 | | 3,471 | 382 | | 3,440 | | 5,428 |
| Contribution | | - | | - | - | | 1,175 | | - |
| Insurance | | 4,124 | | 3,899 | 1,328 | | 5,946 | | 8,881 |
| Repairs and maintenance | | - | | - | - | | - | | - |
| Depreciation | | - | | - | 3,493 | | - | | - |
| Supplies | | 8,244 | | 6,393 | 1,480 | | - | | 257 |
| Telephone/ utilities | \$ | - | | - | 3,493 | | - | | - |
| Travel | | 1,784 | | 3,737 | 5,884 | | 3,848 | | 1,299 |
| Contract services | | - | | - | 189,849 | | - | | - |
| Postage | | 21 | | 23 | 101 | | - | | - |
| Printing | | 217 | | - | 78 | | - | | - |
| Shipping | | - | | - | - | | - | | - |
| Consulting | | 58 | | - | 63,893 | | 8,128 | | 27,038 |
| Rent | | - | | - | - | | - | | - |
| Books and subscriptions | | - | | - | - | | - | | 125 |
| Equipment | | - | | (940) | - | | - | | - |
| Conference registration | | 948 | | 179 | 1,149 | | 98 | | 180 |
| Books and audio-visuals | | 938 | | 938 | ? | | - | | - |
| Bookings | | 287 | | 229 | 3,481 | | 128 | | 68 |
| Other | | 28 | | - | 3,880 | | - | | 152 |
| External appropriation | | - | | - | - | | - | | - |
| Totals | \$ | 46,482 | \$ | 48,322 | 227,287 | \$ | 82,671 | \$ | 104,866 |

NOTES TO FINANCIAL STATEMENTS

| <u>REV -</u> | | | <u>DM</u> | <u>Diabetes</u> | <u>Other</u> | <u>General and</u> | |
|--------------|---------------------|------------------|----------------|-----------------|-----------------------|--------------------|--|
| <u>CDC</u> | <u>Telemedicine</u> | <u>Revolving</u> | <u>Centers</u> | <u>Programs</u> | <u>Administration</u> | <u>Totals</u> | |
| \$ 22,248 | \$ - | \$ 4,884 | \$ 11,028 | \$ 8,821 | \$ 178,133 | \$1,851,568 | |
| 8,388 | - | 959 | 1,043 | 471 | 16,452 | 88,588 | |
| 887 | - | - | - | - | 7,028 | 17,868 | |
| 4,834 | - | 925 | 1,028 | 421 | 18,186 | 101,303 | |
| 768 | - | - | - | - | 8,868 | 4,863 | |
| 1,883 | - | - | - | 1,861 | - | 18,722 | |
| 5,214 | - | 877 | 8,824 | 1,764 | 3,281 | 88,841 | |
| 8,883 | - | - | 113 | 22 | 7,289 | 19,127 | |
| 12,243 | - | 422 | 1,422 | 1,787 | 11,687 | 88,183 | |
| 7,144 | - | - | 870 | 18,713 | 11,768 | 147,357 | |
| 574 | - | 74 | - | 1,014 | 1,713 | 8,814 | |
| 1,097 | - | - | 827 | 1,888 | 1,113 | 12,424 | |
| 88 | - | - | - | - | 27,868 | 82,526 | |
| 1,762 | - | - | 1,860 | 1,183 | 16,413 | 148,838 | |
| 8,122 | - | - | - | - | 18,428 | 87,437 | |
| 175 | - | - | 16 | 8,887 | 4,901 | 17,488 | |
| 1,882 | - | - | - | 11,083 | 1,781 | 14,164 | |
| 1,199 | - | - | 448 | 185 | 2,927 | 11,782 | |
| 483 | - | - | 487 | 821 | 1,488 | 5,438 | |
| 2,482 | - | - | 483 | 5,484 | 1,156 | 82,838 | |
| 1,187 | - | 88 | 108 | 1,987 | 1,188 | 18,866 | |
| - | 177,888 | - | - | - | - | 177,888 | |
| \$185,486 | \$ 177,888 | \$ 7,154 | \$ 13,115 | \$ 64,176 | \$ 188,440 | \$2,181,827 | |

NOTES TO FINANCIAL STATEMENTS

Note 3. Federal Classification of Expenses (Continued)

| 2002: | Medical Job Fair | PCB LTR | Tobacco Control | WHO of a Disease | Other |
|----------------------------|---------------------|-------------------|--------------------|------------------------|-------------------|
| Salary | \$ 37,001 | \$ 3,000 | \$ 10,000 | \$ 0,000 | \$ 10,000 |
| Payroll tax | 3,000 | 300 | 1,000 | 0 | 1,000 |
| Retirement | 3,000 | - | - | - | - |
| Insurance | 4,117 | 0 | 710 | 170 | 300 |
| Repairs and Maintenance | 0 | - | - | - | - |
| Depreciation | - | - | 0 | - | 100 |
| Supplies | 3,000 | 3,000 | 3,000 | 3,000 | 300 |
| Telephone/ cellphone | 1,470 | 300 | 700 | 300 | 0 |
| Travel | 0,000 | 4,000 | 0,000 | 1,000 | 0,000 |
| Contract | - | - | - | - | - |
| Postage | 0 | 10 | 10 | 1,000 | - |
| Printing | 0 | 117 | 0 | 0 | 100 |
| Shipping | 0 | - | 0 | 0 | 100 |
| Consulting | 3,000 | - | 1,000 | 0 | 10,000 |
| Real | 0 | - | 0 | - | 0 |
| Books and subscriptions | 1,000 | - | - | - | - |
| Equipment | 0 | - | 0 | - | 0 |
| Conference | - | - | - | - | - |
| Registration | 0 | - | 0 | - | 1,000 |
| Audio-visual | 10 | - | 0 | 10 | - |
| Meetings | 10,000 | 100 | 100 | 100 | 100 |
| Other | 3,000 | 0 | 10 | 1,000 | 100 |
| Total | \$ 100,000 | \$ 100,000 | \$ 100,000 | \$ 100,000 | \$ 100,000 |

NOTES TO FINANCIAL STATEMENTS

| (BAP) | | Parent | Turning | | Tobacco | | Injury |
|------------------|------------------|------------------|------------------|---------------------|--------------------|------------------|------------------|
| RTS/RTS | RTS | Lineage | Point | Net/Scope | Control- | RTS | Provision - |
| | | | | | Resource | | Region IV |
| \$ 45,490 | \$ 380 | \$ 15,940 | \$ 3,715 | \$ 387,315 | \$ 3,715 | \$ 84,382 | \$ 10,484 |
| 7,885 | 20 | 2,628 | 324 | 13,827 | 328 | 8,432 | 327 |
| 3,325 | - | 1,340 | - | 575 | - | 2,424 | - |
| 2,774 | 21 | 2,963 | 20 | 9,827 | 20 | 4,387 | 429 |
| - | - | - | - | 327 | - | - | - |
| 327 | - | 414 | 328 | - | - | 1,846 | - |
| 8,781 | 1,289 | 743 | 444 | 9,896 | 9,828 | 2,176 | 1,284 |
| 2,824 | - | 14 | - | 8,383 | 1,844 | 2,426 | 41 |
| 7,823 | - | 3,968 | 963 | 7,074 | 1,354 | 54,523 | 914 |
| - | 808 | - | 4,820 | 38 | - | 1,846 | - |
| 218 | 243 | 87 | 27 | 844 | 202 | 1,318 | - |
| 1,145 | 114 | - | - | 123 | 1,414 | 2,818 | 127 |
| - | - | - | - | - | - | - | - |
| 488 | 8,428 | - | - | 734 | - | 9,424 | 12 |
| 3,432 | - | - | - | 1,389 | - | - | - |
| - | - | 18 | - | 84 | - | 44 | 15 |
| - | - | - | 213 | 854 | 178 | 1,374 | - |
| 818 | - | 3,828 | 472 | 3,870 | - | 4,438 | 88 |
| - | 2,391 | 77 | - | 325 | - | 55 | 154 |
| 85 | 2,370 | 388 | 148 | 814 | 34 | 3,584 | 293 |
| 350 | 822 | - | - | 297 | 52 | 1,788 | 138 |
| <u>\$123,879</u> | <u>\$ 18,927</u> | <u>\$ 38,184</u> | <u>\$ 12,828</u> | <u>\$ 1,184,215</u> | <u>\$ 1,18,221</u> | <u>\$161,221</u> | <u>\$ 12,181</u> |

NOTES TO FINANCIAL STATEMENTS

Note B. General Classification of Expenses (Continued)

| | Injury Prevention - Region V | | Project Cases Region IV | | WIC - Region V | | WIC - Region V | | WIC - Region V | | Other Programs | |
|-------------------------|---------------------------------|---------------|----------------------------|----------------|-------------------|---------------|-------------------|---------------|-------------------|----------------|----------------|---------------|
| Salary | \$ | 18,434 | \$ | 1,104 | \$ | 58,238 | \$ | 48,827 | \$ | 213,874 | \$ | 4,583 |
| Payroll tax | | 937 | | 88 | | 8,232 | | 4,488 | | 13,868 | | 844 |
| 401(k) contribution | | - | | - | | 1,532 | | 889 | | - | | - |
| Insurance | | 482 | | 134 | | 8,388 | | 6,296 | | 4,488 | | 259 |
| Repairs and maintenance | | - | | 80 | | - | | - | | 882 | | 188 |
| Depreciation | | - | | 828 | | - | | - | | 2,487 | | 1,512 |
| Supplies | | 2,885 | | 994 | | - | | - | | 7,482 | | 8,228 |
| Telephones/ | | - | | - | | - | | - | | - | | - |
| stillages | | 47 | | 2,322 | | - | | - | | 8,226 | | 534 |
| Travel | | 1,249 | | 59,868 | | 2,722 | | 1,814 | | 25,282 | | 2,882 |
| Contract services | | - | | 210,281 | | - | | - | | 8,880 | | 5,852 |
| Postage | | - | | 249 | | 8 | | 21 | | 242 | | 1,282 |
| Printing | | 75 | | 512 | | 5 | | - | | 842 | | 1,230 |
| Stipends | | - | | - | | - | | - | | 282 | | - |
| Consulting | | 18 | | 48,482 | | 2,812 | | 18,484 | | 1,882 | | 2,288 |
| Rent | | - | | - | | - | | - | | 8,218 | | 282 |
| Cable and subscriptions | | 18 | | - | | - | | - | | - | | 8,272 |
| Equipment | | 1,081 | | - | | - | | - | | 842 | | 4,808 |
| Conference registration | | 88 | | 2,278 | | 80 | | - | | 1,242 | | 1,288 |
| Books and audio-visuals | | 2,227 | | 88 | | - | | - | | 2,482 | | 1,282 |
| Meetings | | 227 | | 728 | | 288 | | 24 | | 1,282 | | 8,242 |
| Other | | 72 | | 222 | | 72 | | 228 | | 222 | | 2,428 |
| Totals | \$ | 21,288 | \$ | 282,222 | \$ | 81,884 | \$ | 82,282 | \$ | 222,222 | \$ | 22,222 |

NOTES TO FINANCIAL STATEMENTS

| General and Admini- strative | Total |
|---------------------------------------|--------------------|
| \$ 184,818 | \$ 881,588 |
| 24,348 | 34,887 |
| 8,848 | 18,713 |
| 27,864 | 76,514 |
| 4,323 | 7,704 |
| - | 4,548 |
| 9,137 | 48,393 |
| 12,471 | 43,188 |
| 1,434 | 88,483 |
| 18,000 | 244,078 |
| 4,447 | 18,488 |
| 2,981 | 18,843 |
| - | 33,187 |
| 15,371 | 123,188 |
| 28,818 | 42,818 |
| 3,827 | 13,444 |
| 4,773 | 24,813 |
| 3,817 | 22,834 |
| 748 | 13,818 |
| 2,498 | 41,853 |
| 3,152 | 18,818 |
| <u>\$ 323,857</u> | <u>\$1,814,808</u> |

NOTES TO FINANCIAL STATEMENTS

Note 10. Summary of Grants/Contracts Funding

HELMAC was funded through the following grants and contracts for the year ended June 30, 2001:

| <u>Funding Source</u> | <u>Award Number</u> | <u>Reimbursement Amount</u> |
|--------------------------------------------------------------------------------|---------------------|---------------------------------|
| U.S. Department of Agriculture: Distance Learning and Telemedicine Grant | CPDA #19,855 | \$ 344,308 |
| State of Louisiana Department of Health and Hospitals: | | |
| HIV Prevention Programs | CPDA #99,340 | 130,308 |
| Project Gamma | CPDA #99,330 | 293,308 |
| HIV Prevention Projects for Community-Based Organizations | CPDA #99,339 | 148,793 |
| 2000 Medical Job Fair | CPDA #99,449 | 10,793 |
| 2000 Medical Job Fair | CPDA #99,437 | 28,808 |
| Parent Mission Program | CPDA #97,000 | 48,008 |
| CCR 124 | CPDA #98,849 | 5,308 |
| WCC - Region IV | CPDA #99,887 | 108,218 |
| WCC - Region V | CPDA #99,887 | 114,008 |
| Injury Prevention - Region IV | CPDA #99,338 | 58,178 |
| Injury Prevention - Region V | CPDA #99,338 | 60,083 |
| Tobacco Control | CPDA #99,280 | 16,498 |
| Diabetes Control | CPDA #99,288 | 18,888 |
| State of Louisiana Division of Administration: | | |
| Louisiana State University School of Medicine | CPDA #99,880 | 892,088 |
| Robert Wood Johnson Foundation | - | 149,431 |
| Tobacco Control Resources | - | 22,888 |
| Tobacco Control - Coalition | - | 18,188 |
| CRM Recruiter | - | 7,188 |
| Plano, Inc. | - | 185,328 |
| Corporation for National and Community Service: | | |
| Anticorrupt Grant | CPDA #94,808 | 149,387 |
| Others | - | 18,838 |
| Total | | \$3,182,881 |

Note 11. Contingent Liabilities

HELMAC receives grants for specific purposes that are subject to review and audit by the agencies providing the funding. Such audits and reviews could result in expenses being disallowed under the terms and conditions of the grants. In the opinion of management, such disallowances, if any, would be immaterial.



BROUSSARD, POCHE, LEWIS & BREAUX, L.L.P.
CERTIFIED PUBLIC ACCOUNTANTS

411 West Congress
P.O. Box 4346
Lafayette, Louisiana
70504-1406
phone: (337)-484-4444
fax: (337) 484-4474

Other Offices:

Greenville, LA
(337)-584-4444

Shreveport, LA
(337)-484-4444

Abbeville, LA
(337)-484-4444

New Iberia, LA
(337)-484-4444

Church Point, LA
(337)-484-4444

Angus C. Miller, CPA*

Donald W. Kelley, CPA*

Richard Landon E. CPA*

Frank A. Angus, CPA*

Sam J. Brummett, CPA*

L. Charles Abshire, CPA*

Samuel B. Angus, CPA*

J. John Brummett III, CPA*

Stephen L. Landon, CPA*

Greg C. Williams, CPA*

Paul C. Brummett, CPA*

George L. Trapp, III, CPA*

Gregory B. Wilson, CPA*

G. Lynn Wilson, CPA*

Paula B. McGuire, CPA*

Martha B. Ryan, CPA*

Greg L. Brummett, CPA*

Patricia T. Boyd, CPA*

May A. Conkle, CPA*

Greg Brummett, CPA*

David P. Brummett, CPA*

Retired:

Robert L. Brummett, CPA* 1993

Leon E. Foster, CPA 1994

James B. Brown, CPA 1995

Edna B. Wilson, CPA 1996

George A. Levin, CPA* 1996

William J. Winkler, CPA* 1996

William L. Angus, CPA* 1996

James B. Brummett, CPA* 1995

Raymond A. Dumas, CPA* 1995

Michael P. Conkle, CPA* 1995

Edna Wilson, CPA 1996

Members of American Institute of
Certified Public Accountants
Institute of Louisiana Certified
Public Accountants

**REPORT ON COMPLIANCE AND ON INTERNAL CONTROL
OVER FINANCIAL REPORTING BASED ON AN AUDIT
OF FINANCIAL STATEMENTS PERFORMED IN
ACCORDANCE WITH GOVERNMENT AUDITING STANDARDS**

To the Board of Directors of
Southwest Louisiana Area Health
Education Center Foundation
Lafayette, Louisiana

We have audited the financial statements of Southwest Louisiana Area Health Education Center Foundation is nonprofit organization as of and for the year ended June 30, 1993, and have issued our report thereon dated September 11, 1993. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States.

Compliance

As part of obtaining reasonable assurance about whether the Foundation's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grants, noncompliance with which could have a direct and material effect on the determination of financial statement accounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance that are required to be reported under Government Auditing Standards.

Internal Control over Financial Reporting

In planning and performing our audit, we considered the Foundation's internal control over financial reporting in order to determine our auditing procedures for the purpose of expressing our opinion on the financial statements and not to provide assurance on the internal control over financial reporting. However, we noted a certain matter involving the internal control over financial reporting and its operation that we consider to be a reportable condition. Reportable conditions involve matters coming to our attention relating to significant deficiencies in the design or operation of

the internal control over financial reporting that, in our judgment, could adversely affect the Foundation's ability to record, process, summarize, and report financial data consistent with the assertions of management in the financial statements. The reportable condition is described in the accompanying schedule of findings and questioned costs as ISBS 2002-1.

A material weakness is a condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low level the risk that misstatements in amounts that would be material in relation to the financial statements being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. Our consideration of the internal control over financial reporting would not necessarily disclose all weaknesses in the internal control that might be reportable conditions and, accordingly, would not necessarily disclose all reportable conditions that are also considered to be material weaknesses. However, we believe that the reportable condition described above is a material weakness.

This report is intended solely for the information and use of management, others within the organization and Federal awarding agencies and pass-through entities and is not intended to be and should not be used by anyone other than these specified parties.

Proussand, Poché, Lewis & Proulx, L.L.P.

Lafayette, Louisiana
September 12, 2002



BROUSSARD, POCHE, LEWIS & BREAUX, L.L.P.

CERTIFIED PUBLIC ACCOUNTANTS

414 West Congress
P. O. Box 4440
Lafayette, Louisiana
70504-4440
phone (504) 488-4000
fax (504) 488-4074

Other Offices:
Greenville, LA
(504) 383-4000

Hopkinsville, LA
(504) 744-5000

Abbeville, LA
(504) 886-1000

New Iberia, LA
(504) 384-4000

Church Point, LA
(504) 484-2000

Robert C. Baker, CPA*
Donald W. Kirby, CPA*
Bartlett Lussier E., CPA*
Frank A. Bague, CPA*
David H. Bennett, CPA*
L. Charles Adams, CPA*
Kenneth B. Bague, CPA*
P. John Brumfield III, CPA*
Stephen L. Lombardi, CPA*
Craig C. Williams, CPA*
Paul C. Beville, CPA*
George Wagner III, CPA*
Gregory B. Sims, CPA*
D. Scott Nelson, CPA*
Frank R. McCreath, CPA*
Markus H. West, CPA*
Ray J. Brown, CPA*
Patricia T. Bepko, CPA*
Marc A. Smith, CPA*
Joy Brown, CPA*
David P. Brown, CPA*

Retired:
Robert A. Brummett, CPA* 1989
Lynn R. Feltz, CPA 1984
James B. Brown, CPA 1987
Rosa B. Wilson, CPA 1988
George A. Smith, CPA* 1986
Gwendolyn J. Winklerby, CPA* 1988
Robert C. Lewis, CPA* 1988
Leroy S. Brummett, CPA* 1987
Lawrence A. Conner, CPA* 1989
Michael F. Conner, CPA* 1989
Ralph Brown, CPA 1988

Members of American Institute of
Certified Public Accountants
Fellow of Louisiana Certified
Public Accountants

REPORT ON COMPLIANCE WITH REQUIREMENTS APPLICABLE TO EACH MAJOR PROGRAM AND ON INTERNAL CONTROL OVER COMPLIANCE IN ACCORDANCE WITH OMB CIRCULAR A-133

TO the Board of Directors
Southwest Louisiana Area Health
Education Center Foundation
Lafayette, Louisiana

COMPLIANCE

We have audited the compliance of Southwest Louisiana Area Health Education Center Foundation is nonprofit organization with the types of compliance requirements described in the U.S. Office of Management and Budget (OMB) Circular A-133 Compliance Supplement that are applicable to each of its major federal programs for the year ended June 30, 2000. The Foundation's major federal programs are identified in the summary of auditors' results section of the accompanying schedule of findings and questioned costs. Compliance with the requirements of laws, regulations, contracts, and grants applicable to each of its major federal programs is the responsibility of the Foundation's management. Our responsibility is to express an opinion on the Foundation's compliance based on our audit.

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States; and OMB Circular A-133, "Audits of States, Local Governments, and Non-Profit Organizations." Those standards and OMB Circular A-133 require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about Southwest Louisiana Area Health Education Center Foundation's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances. We believe that our audit provides a reasonable basis for our opinion. Our audit does not provide a legal determination of Southwest Louisiana Area Health Education Center Foundation's compliance with those requirements.

In our opinion, Southwest Louisiana Area Health Education Center Foundation complied, in all material respects, with the requirements referred to above that are applicable to each of its major federal programs for the year ended June 30, 1981. Moreover, the results of our auditing procedures disclosed instances of noncompliance with those requirements, which are required to be reported in accordance with OMB Circular A-133 and which are described in the accompanying schedule of findings and questioned costs as items 2801-2 and 2801-3.

Internal Control Over Compliance

The management of Southwest Louisiana Area Health Education Center Foundation is responsible for establishing and maintaining effective internal control over compliance with the requirements of laws, regulations, contracts, and grants applicable to federal programs. In planning and performing our audit, we considered Southwest Louisiana Area Health Education Center Foundation's internal control over compliance with requirements that could have a direct and material effect on a major federal program in order to determine our auditing procedures for the purpose of expressing our opinion on compliance and to test and report on the internal control over compliance in accordance with OMB Circular A-133.

We noted certain matters involving the internal control over compliance and its operations that we consider to be reportable conditions. Reportable conditions involve matters coming to our attention relating to significant deficiencies in the design or operation of the internal control over compliance that, in our judgment, could adversely affect Southwest Louisiana Area Health Education Center Foundation's ability to administer a major federal program in accordance with the applicable requirements of laws, regulations, contracts and grants. The reportable conditions are described in the accompanying schedule of findings and questioned costs as items 2801-2 and 2801-3.

A material weakness is a condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low level the risk that noncompliance with applicable requirements of laws, regulations, contracts, and grants that would be material in relation to a major federal program being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. Our consideration of the internal control over compliance would not necessarily disclose all matters in the internal control that might be reportable conditions and, accordingly, would not necessarily disclose all reportable conditions that are also considered to be material weaknesses. Moreover, we believe the reportable condition described in 2801-2 is a material weakness.

This report is intended solely for the information and use of management, others within the organization and federal funding agencies and pass-through entities and is not intended to be and should not be used by anyone other than these specified parties.

Bruce A. Roche, Senior Principal, L.L.P.

Lafayette, Louisiana
September 12, 1981

SOUTHWEST LUTHERAN HHS, HEALTH
EDUCATION CENTER FOUNDATION

SCHEDULE OF FINDINGS AND QUESTIONED COSTS
Year Ended June 30, 1981

Section I. Summary of Auditors' Results

Financial Statements

Type of auditors' report issued: unqualified.

Internal control over financial reporting:

- Material weaknesses identified? X Yes No
- Reportable conditions identified
that are not considered to be
material weaknesses? Yes X None
Reported
- Noncompliance material to financial
statements noted? Yes X No

Federal Awards

Internal control over major programs:

- Material weaknesses identified? X Yes No
- Reportable conditions identified
that are not considered to be
material weaknesses? X Yes None
Reported

Type of auditors' report issued on compliance for major programs:
unqualified.

Any audit findings disclosed that are
required to be reported in accordance
with Section 501(c) of Circular A-133? X Yes No

Identification of major programs:

| <u>CITA Number</u> | <u>Name of Federal Program</u> |
|--------------------|---------------------------------------|
| 10-207 | WIC |
| 10-248 | Distance Learning and Telemedicine |
| 21-218 | Project Care |
| 21-248 | HIV Prevention Program |

Dollar threshold used to distinguish between type A and type B programs:
\$250,000.

Auditor qualified as low-risk auditor? Yes X No

Section II - Financial Statement Findings

FFB00-1 Segregation of Duties

Findings: Due to the size of the Foundation, an adequate segregation of duties does not exist in the administrative offices. A system of internal control procedures contemplates a segregation of duties so that no one individual handles a transaction from its inception to its completion. While we recognize that the Foundation may not be large enough to permit an adequate segregation of duties for an effective system of internal control procedures, it is important that you be aware of this condition.

Recommendation: Keeping in mind the limited number of employees in which duties can be assigned, the Foundation should monitor assignment of duties to assure as much segregation of duties and responsibility as possible.

Section III - Federal Audit Findings and Questioned Costs

FFB00-2 Distance Learning and Telemedicine Grant

Findings: On October 26, 2001, a Distance Learning and Telemedicine Grant was assigned to the Foundation on behalf of another entity. The original grant agreement was dated February 18, 1998. As a condition of the assignment, the Foundation assumed all duties and obligations of the original grant agreement which included reporting the revenue and expenses related to the grant as well as ensuring that all compliance requirements were met. The problems detailed below were encountered related to this grant.

1. Disbursements were made based on copies of invoices as opposed to original invoices.
2. Copies of invoices were on file for approximately 80% of the required match. However, there was no determination by the Foundation that the items being claimed for the match were allowable. According to the Foundation, the items allowed to use as a match were determined prior to their involvement in the grant. As a result, we were unable to determine whether the items claimed as matching were allowable. However, all invoices were submitted to the grantor. In addition, the Foundation did not examine copies of checks verifying that the amounts being claimed as matching were in fact paid.

3. The Foundation, for handling this grant, was allowed to receive an administrative fee of \$8,883. The amount received by them and recorded in the general ledger was actually \$7,380, based on documentation on file, one of the proposed Telemedicine sites failed to meet certain obligations, and as a result payment was withheld in the amount of \$1,503. However, this invoice had already been submitted to the grantor and reimbursement received. As a result of the nonperformance, the Foundation kept \$1,503 and the consultant received the remaining \$2,877. There was no documentation that this was approved by the grantor.

Recommendation: In the future, the Foundation should make sure they fully understand the consequences and requirements of accepting an arrangement such as this and if they choose to accept it, procedures should be established to ensure that all aspects of the arrangement are complied with. In addition, the Foundation should obtain approval from the grantor for the \$1,503 withheld from the proposed telemedicine site as discussed above.

Area-1 WJF Region IV Grant

Finding: During the current fiscal year, the previous contract ended and a new contract was approved which resulted in the method of invoicing for this program to be changed. Under the new contract, the Foundation began requesting reimbursement based on an approved hourly rate for the WJF Region IV employees. The hourly rate established was an attempt to cover all costs of the program. In the previous contract, reimbursement was requested based on actual direct expenses plus a percentage of direct expenses to cover indirect expenses.

Although the invoicing method changed and appeared to be a fee-for-service contract, it was still a cost reimbursement grant. However, because of the new reimbursement method, there was confusion as to the requirements under the grant and as a result, procedures were not in place to ensure that reimbursements under this grant did not exceed the costs of the program. At year end, the Foundation has received \$71,414 in reimbursements under the FY 82-83 funding while direct costs of the program for that period total \$83,877.

Recommendation: Procedures should be established to ensure compliance with grant requirements. These could include requiring the grantor to provide training and written guidelines outlining reporting and invoicing procedures on new contracts prior to preparing the initial invoice.

SOUTHWEST LOUISIANA AREA HEALTH
EDUCATION CENTER FOUNDATION

SCHEDULE OF PRIOR YEAR FINDINGS
Year Ended June 30, 2002

Section I. Internal Control and Compliance Material to the Financial Statements

2002-1. Segregation of Duties

Recommendation: Keeping in mind the limited number of employees to which duties can be assigned, the Foundation should monitor assignment of duties to assure as much segregation of duties and responsibility as possible.

Current Status: The same finding is included in the current year schedule of findings and questioned costs as Finding No. 2002-1. The Foundation has provided as much segregation as possible with the resources available.

Section II. Internal Control and Compliance Material to Federal Awards

No matters were reported.

Section III. Management Letter

The prior year's report did not include a management letter.

This page intentionally left blank.

SOUTHWEST LOUISIANA AREA HEALTH
EDUCATION CENTER FOUNDATION

SUPPLEMENTARY SCHEDULE OF EXPENDITURES OF FEDERAL FUNDS
Year Ended June 30, 1985

| <u>Federal Grantor/Pass-Through Agency/Program Title</u> | <u>CYFA Number</u> | <u>Federal Assistance T.O. Number</u> |
|---------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|------------------------|-----------------------------------------------|
| DIRECT PROGRAMS: | | |
| U.S. Department of Agriculture - Rural Utilities System: Distance Learning and Telemedicine Grant | 18,888 | N/A |
| PASS-THROUGH PROGRAMS: | | |
| U.S. Department of Agriculture - State Department of Health and Hospitals: Special Supplemental Nutrition Program for Women, Infants and Children (WIC) - Region IV | 18,987 | N/A |
| Special Supplemental Nutrition Program for Women, Infants and Children (WIC) - Region V | 20,987 | N/A |
| U.S. Department of Health and Human Services - State Department of Health and Hospitals: STD Prevention Grant | 81,840 | N/A |
| STD Prevention Projects for Community - Based Organizations | 81,909 | N/A |
| regional Maternal and Child Health Injury Prevention - Region IV | 81,116 | N/A |
| regional Maternal and Child Health Injury Prevention - Region V | 81,118 | N/A |
| Tobacco Control | 81,283 | N/A |
| Diabetes Control | 81,888 | N/A |
| Project Care | 81,282 | N/A |
| State Department of Education: School-Based Clinic | 81,818 | N/A |
| Louisiana State University Medical Center: Area Health Model Program | 81,104 | N/A |
| Cooperation for National and Community Services: Acadiana RHC | 84,088 | N/A |

| <u>Pass- Through Category, if any</u> | <u>Total Current Year Expenses</u> |
|-----------------------------------------------|------------------------------------------------|
| - | \$ 188,388 |
| CPMS 8502174 | 308,318 |
| CPMS 8502041 and CPMS 8502218 | 214,023 |
| CPMS 8508021 | 138,526 |
| - | 188,183 |
| CPMS 8571840 | 82,370 |
| CPMS 8571014 | 81,802 |
| CPMS 8508242 | 14,490 |
| CPMS 8508798 | 19,949 |
| CPMS 8548288 | 283,188 |
| - | 18,038 |
| - | 148,761 |
| - | <u>142,857</u> |
| | <u>\$3,485,838</u> |



— 1116111111 —
SWLAHBC
 1000 Poydras Street, Suite 2000
 New Orleans, LA 70112

December 8, 2003

To: U.S. Dept. of Health & Human Services
 Ref: Response to Annual Audit Findings

Name and address of independent public accounting firm conducting audit:
 Boninward, Poche, Lewis & Drayton, LLP
 Certified Public Accountants
 PO Box 41480
 Lafayette, Louisiana, 70504

James Scott-Dunn
 Executive Director

Printing format,
 information, and
 navigation services
 at the position of

Audit period: July 1, 2002 - June 30, 2003

Southwest Louisiana AHEC (SWLAHBC) recently completed its annual independent financial audit. On behalf of SWLAHBC, I respectfully submit the following corrective action plan for fiscal year ending June 30, 2003, as outlined by Federal OMB circular A-110 reporting guidelines. The responses are numbered consistently with the findings in the audit schedule.

ACORN

ADON

ALPHABETIC

CALCULATE

CLEARTEXT

FUNCTIONS

HELP

IMPORT DATA

LINKS

PRINT

REMARKS

REPORT

SETTINGS

Section III 2000-1

Finding: Segregation of Duties is Limited

Auditor's Recommendation: Keeping in mind the limited number of employees to which duties can be assigned, the Foundation should monitor assignment of duties to assure as much segregation of duties and responsibility as possible.

Action: Separate bookkeeping staff are assigned to post receivables and make bank deposits. SWLAHBC has increased the use of independent CPA services for periodic review of financial statements and consultation for grant funds management. Executive Director and Board Finance Committee oversight of finances will continue.

Section III 2000-2

Finding: Distance Learning and Telemedicine Grant

Auditor's Recommendation: In the future, the Foundation should make sure they fully understand the consequences and requirements of accepting an arrangement such as this and if they choose to accept it, procedures should be established to ensure that all aspects of the arrangement are complied with. In addition, the

1000 Poydras Street, Suite 2000
 New Orleans, LA 70112
 (504) 581-8900
 1-800-455-4466
 Fax (504) 581-8881
 www.swlahebc.com



Foundation should obtain approval from the grantor for the \$5,000 withheld from the proposed Tulalum site as discussed above.

Action: Correspondence has occurred with representative during Fall 2003 to obtain approval and direction for allowable use of remaining funds during fiscal 2003-04. Written directives were requested by AHUC from the Louisiana RUS representative to complete allowable technology expenditures during 2003-04. Written internal agency procedures are being developed during 2003-04 for handling similar fiscal management situations that may arise in future.

Section III 2003-4

Finding: WTC Region IV Grant

Action's

Recommendation: Procedures should be established to ensure compliance with grant requirements. These could include requiring the grantor to provide training and written guidelines outlining reporting and invoicing procedures on new contracts prior to preparing the initial invoice.

Action:

Meetings with regional and state WTC administrative representatives have occurred in Fall 2003 to clarify reporting and invoicing required by DHH-WTC program office. Additional backup documentation has been added to monthly reimbursement invoices beginning November 2003. Bookkeeping software coding systems are being revised in December 2003 to post actual expenses to indirect overhead cost codes, as requested by auditor.

Please let me know if you have questions or need further clarification of the information provided herein.


James Sells
Executive Director

Enclosures

cc: J. Trinen, CPA, Brownard, Pecha, et al.
SPLAHEC Board of Directors, Finance Committee

Financials and response due 2003